

Message Text

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15

ACTION COME-00

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 1607

INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: BENC, EC

SUBJECT: GUAYAQUIL PORT EXPANSION

REF: STATE 229985

1. CONSULATE GENERAL SEES SCANT JUSTIFICATION FOR RAYMOND INTERNATIONAL'S PLANNED WITHDRAWAL OF ITS BID TO EXPAND GUAYAQUIL PORT. RAYMOND IS A LARGE COMPANY WITH MANY SUCCESSFUL INTERNATIONAL PROJECTS TO ITS CREDIT, INCLUDING PRESENT GUAYAQUIL DEEPWATER TERMINAL, AND RAYMOND SURELY KNEW WHAT IT WAS GETTING INTO WHEN IT BID ON THIS PROJECT.

2. PORT DIRECTOR SHOWED CONSUL GENERAL AND COMMERCIAL OFFICER COPY OF LETTER FROM THE ENGINEERING FIRM, PALMER AND BAKER, WHICH GUARANTEED COMPENSATION TO RAYMOND AND TO GUAYAQUIL PORT FOR ANY DAMAGES RESULTING FROM INADEQUACY OF ENGINEERING STUDY AND DESIGN. LOCAL PORT AUTHORITIES ARE CONVINCED RAYMOND IS MAKING AN ATTEMPT TO FORCE A LARGER PRICE FOR ITS WORK, AND THEY SEE THE EFFORT AS BEING MOTIVATED BY THE FACT THAT RAYMOND'S BID AMOUNTED TO SOME 20 MILLION DOLLARS LESS THAN THE NEXT LOWEST BIDDER.

3. AS FOR LIKELIHOOD OF RAYMOND OFFICIALS BEING ARRESTED ON SOME TRUMPED UP CHARGE, WE BELIEVE THIS IS NOT LIKELY TO HAPPEN. LIFE IN GUAYAQUIL IS OFTEN THEATER OF THE ABSURD,
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BUT WE KNOW OF NO PRECEDENTS TO MAKE US BELIEVE GUAYAQUIL

PORT AUTHORITY (GPA) WOULD GO THAT FAR.

4. RAYMOND OFFICIALS HAVE NOT SEEN FIT TO COME IN TO DISCUSS THIS PROBLEM WITH US SO THAT WE CAN ASSESS THEIR SIDE OF THE STORY ALONGSIDE INFORMATION PROVIDED BY LOCAL AUTHORITIES. ALSO, CONGEN FAILS TO SEE HOW DEPARTMENT CAN HOLD OPINION EXPRESSED IN LAST SENTENCE OF REFTEL WITHOUT KNOWING GPA SIDE OF THE STORY. WE BELIVE GPA IS ATTEMPTING TO NEGOTIATE IN GOOD FAITH AND WE BASE THIS CONCLUSION ON THE STUDY MADE BY THE REPUTABLE U.S. ENGINEERING FIRM BAKER AND PALMER. TO TAKE SIDES WITH RAYMOND IS TO TAKE SIDES AGAINST BAKER AND PALMER--A NO-WIN SITUATION FOR THE USG.

5. CONGEN SUGGESTS USG LET GPA AND RAYMOND FIGHT THIS OUT IN OWN FASHION.
BLOOMFIELD

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